

IN THE SENATE

SENATE BILL NO. 1427

BY FINANCE COMMITTEE

AN ACT

RELATING TO HIGHWAY TRANSPORTATION PROJECTS; APPROVING BONDING AUTHORITY TO FINANCE CERTAIN HIGHWAY TRANSPORTATION PROJECTS; REFERENCING PROJECTS TO BE FINANCED WITH BOND PROCEEDS; LIMITING THE SCOPE OF TRANSPORTATION PROJECTS; PROVIDING A REQUIREMENT REGARDING A GARVEE PROGRAM MANAGEMENT SERVICES AGREEMENT; PROVIDING FOR ISSUANCE OF GARVEE BONDS; PROVIDING LEGISLATIVE INTENT AS TO THE IDAHO TRANSPORTATION BOARD'S PRIORITY USE OF BOND REVENUE; PROVIDING LEGISLATIVE INTENT REGARDING WORK PERFORMED BY THE IDAHO TRANSPORTATION DEPARTMENT; AUTHORIZING A TRANSFER OF FUNDS FOR DEBT SERVICE; AND PROVIDING A DATE FOR SUBMISSION OF A REPORT TO THE LEGISLATURE.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. The Idaho Legislature hereby approves bonding authority for the issuance of highway transportation (GARVEE) bonds by the Idaho Housing and Finance Association in a principal amount sufficient to finance the highway transportation projects listed in Section 40-315, Idaho Code, in an amount up to \$12,000,000. Such bonds are expected to be paid from continuing appropriations of federal funds from the State Highway Account as provided in Section 40-707, Idaho Code.

SECTION 2. The Legislature finds that the bonding authority provided in Section 1 of this act shall be used in a manner that does not obligate future legislatures or governors for additional bonding authority. The Idaho Transportation Board shall allocate revenue generated from bonds authorized in Section 1 of this act to finance projects listed in Section 40-315, Idaho Code.

SECTION 3. The Idaho Transportation Board and the Idaho Transportation Department shall not increase the scope, nor add specific projects, nor in any manner extend or enlarge the transportation projects listed in Section 40-315, Idaho Code.

SECTION 4. To the extent the Idaho Transportation Board and the Idaho Transportation Department determine that GARVEE program management services are necessary, any agreement governing such services shall, to the extent possible, be fully transparent to the public and the Legislature and shall endeavor to negotiate those services at the best possible rates.

SECTION 5. The bonds issued under the authority provided by Section 1 of this act shall be issued upon an approved resolution by the Idaho Transportation Board requesting the Idaho Housing and Finance Association to issue bonds in amounts necessary to ensure that: the funds are necessary to meet program obligation requirements; the funds will be used and disbursed

1 in accordance with United States Treasury regulations to ensure tax exempt
2 status is retained; and the bonds are issued at prevailing market rates of
3 interest. Further, it is the intent of the Legislature that the bonds autho-
4 rized by the authority provided in Section 1 of this act be issued on an "as
5 needed" basis as determined by the Idaho Transportation Board. The purpose
6 of this intent is to delay debt service on additional bonding until funds
7 must be obligated to pay for right-of-way acquisition, construction, and/or
8 other project-related costs and avoid violation of arbitrage rules that may
9 result from issuance of bonds too far in advance of the need to obligate funds
10 for expenditure. The issuance of additional bonds shall be dependent upon
11 advantageous market rates and costs of bonding transactions as determined by
12 the Idaho Transportation Board.

13 SECTION 6. It is legislative intent that the Idaho Transportation Board
14 direct the use of the revenue raised from the bonding authority provided in
15 Section 1 of this act in such a manner that revenue shall be expended in a
16 priority fashion and that the first priority of expenditures shall be for
17 right-of-way acquisition, followed in order of priority by expenditures
18 for construction, followed in priority by other necessary project-related
19 costs. Further, any savings realized from lower than expected cost esti-
20 mates or other efficiencies shall be applied to existing projects as soon as
21 is practicable.

22 SECTION 7. Relating to the projects referenced in Section 2 of this
23 act, it is legislative intent that, to the extent feasible and practical,
24 the Idaho Transportation Department perform project-related work within the
25 department itself. The goal of this directive is to preserve the expenditure
26 of GARVEE funds for the priorities described in Section 6 of this act.

27 SECTION 8. The Idaho Transportation Board is hereby authorized to
28 transfer up to \$4,000,000 from within the State Highway Account to the
29 GARVEE debt service fund to pay the state match as required for federal funds
30 committed to pay the annual scheduled debt service on GARVEE bonds for fiscal
31 year 2011.

32 SECTION 9. Notwithstanding any other provisions of law, it is legisla-
33 tive intent that by September 30 of each year, the board shall submit a report
34 to the Legislature concerning projects currently under construction using
35 the bond financing as authorized by the provisions of this act, and shall in-
36 clude a list of planned highway transportation projects to be financed with
37 such bond financing during the next succeeding fiscal year.